Sustainability-related information

SC ENERGY EFFICIENCY FUND II, F.C.R. (former SC EFFICIENCY & ENVIRONMENT FUND II, F.C.R.)

SC ENERGY EFFICIENCY FUND PLUS II, F.C.R.E (former SC EFFICIENCY & ENVIRONMENT FUND II PLUS, F.C.R.E.)

This document provides information about the financial product in accordance with the Sustainable Finance Disclosure Regulation (SFDR). The information contained in this document is required by the regulation to promote transparency and understanding of the sustainability-related characteristics and/or, the objectives and risks of this financial product, and is not for advertising or marketing purposes.

A. Summary

Summary of the information contained in the different sections of this document.

The indicated financial product (hereinafter the "Fund") managed by SUMA CAPITAL S.G.E.I.C., S.A. (hereinafter the "Management Company") is defined as article 9 under the Sustainable Finance Disclosure Regulation (SFDR), defining as its sole objective sustainable investment in the environmental objectives of "climate change mitigation" and "transition to a circular economy", which form part of the European Taxonomy Regulation's list of sustainable investment objectives. To achieve its sustainable objective, the Fund invests in projects that promote the energy transition and the reduction of CO2 emissions, including renewable energies, energy efficiency and smart mobility, as well as the transition to the circular economy, which aims to optimise the management and recovery of organic waste, and resource efficiency. The investments made by the Fund will also contribute to the UN Sustainable Development Goals (SDGs) linked to the above sustainability goals. The Fund has not designated a reference benchmark to meet the sustainable investment objective.

To ensure that the Fund invests in companies that contribute to the defined investment objectives, the investment team carries out a due diligence process, using independent experts or internal tools, which assesses that the Target Companies have a clear intention to promote the defined sustainable investment objective, to measure their performance and contribution on a regular basis, and to have the capacity to adequately manage the ESG Criteria specific to their business.

The Management Company has its proprietary methodology for monitoring its investments, through an internal data management tool, which ensures that the management indicators and metrics are compiled in an appropriate and homogeneous manner. The metrics monitored include impact metrics on the contribution to the sustainable investment objective, metrics in accordance with the SFDR Regulation, as well as ESG (environmental, social and governance) performance metrics included in international frameworks. The data provided by the investees is obtained from their information systems as well as from external service providers. The performance of investees and the Fund against the sustainable investment objective is monitored quarterly and annually, along with financial results.

The Fund also aligns the governance and management practices of its portfolio investments with the good governance practices established in international benchmark standards and implements the necessary control measures to respond to the sustainability risks identified, through its active presence in the management bodies of the investee companies.

B. No significant harm to the sustainable investment objective

The Fund has defined sustainable investment as its sole objective. The Fund is classified as article 9 under the Sustainable Finance Disclosure Regulation (SFDR).

To ensure that the sustainable investments made by the Fund do not cause significant harm to any of the sustainable investment objectives that are not the primary objective of the Fund (i.e. sustainable investment objectives other than "climate change mitigation" and "transition to a circular economy"), the investment team conducts an asset selection analysis to assess their contribution to these sustainable investment objectives, as well as their potential harm. The potential harm that an economic activity contributing to a sustainable investment objective may generate on other sustainable investment objectives will be a factor taken into consideration in view of the Management Company's intention to increase, to the extent possible, the percentage of Taxonomy aligned sustainable investments in the Fund.

Prior to the investment, the investment team conducts a due diligence process, using independent experts or internal tools, which includes the following actions: (a) review and assessment of key sustainability risks and opportunities; (b) identification of potential negative impacts on environmental, social and governance issues and their corrective measures.

In addition, the Fund aligns the governance and management practices of its portfolio investments with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Fund also assesses the potential for alignment of portfolio investments with the economic activities included in the Taxonomy Regulation, through the review of the technical screening criteria, the no significant harm criteria and the minimum social safeguards, all of which are included in the Regulation and its delegated acts.

Finally, in the portfolio management phase, the Fund monitors sustainability indicators, including the principle adverse impacts (PAIs) of the SFDR, and discloses them to stakeholders on a quarterly and annual basis. The implementation of the Management Company's reporting framework is one of the tools used by the Fund to identify and monitor the negative impacts of sustainable portfolio investments and to follow up on the corrective measures to be implemented.

C. Sustainable investment objective of the financial product

Describe the sustainable investment objective of the financial product.

The Fund defines as its sole objective the sustainable investment in the environmental objectives of "mitigation of climate change" and "transition to a circular economy", which are part of the sustainable investment objectives defined in the European Taxonomy Regulation. To achieve the sustainable investment objective, the Fund invests in projects that promote energy transition and CO2 emissions reduction, including renewable energy, energy efficiency and smart mobility, as well as the transition to the circular economy, which seeks to optimise the management and recovery of organic waste, and resource efficiency. In addition, the investments made by the Fund will also contribute to the UN Sustainable Development Goals (SDGs) linked to the beforementioned sustainability objectives. 100% of the investments made by the Fund will contribute to one or more SDGs and may collaterally impact the rest of the SDGs.

D. Investment strategy

Description of the investment strategy used to attain the sustainable investment.

The investment strategy used to meet the sustainable investment objective will be based on the investment in investee Companies that will be engaged in, or have as their principal purpose, (i) the provision of small-scale renewable energy services (which may include the supply and sale of energy); and/or (ii) the development of or investment in energy efficiency and circular economy projects, (sectors in which the Management Company has extensive experience) and other activities that may be linked or related to this sectors. Notwithstanding the foregoing, the Fund will not invest in companies which business, or principal activity, consists of the provision of normal maintenance services, related or not to energy services and/or energy efficiency or circular economy projects.

Policy to assess the good governance practices of investee companies, regarding governance structures, employee relations, staff remuneration and compliance with obligations.

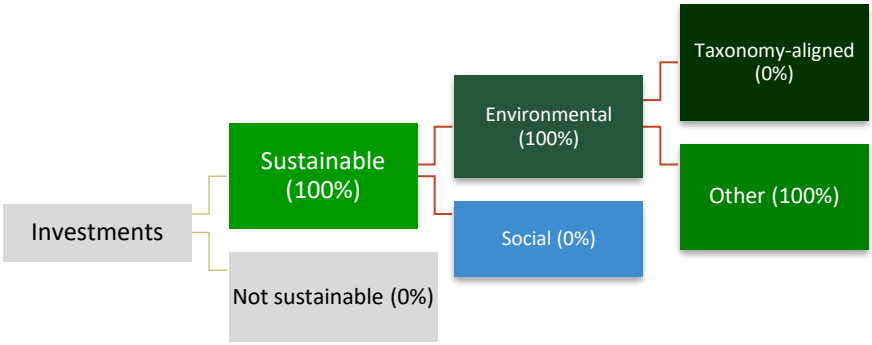
As part of the Fund's investment policy, the investment team conducts a due diligence process to identify Sustainability Risks, including Governance Risks, in each Target Company, using internal tools or specialised external resources if necessary. This analysis considers the assessment of good governance practices, including the following aspects: (a) corporate integrity, (b) the existence of programmes for compliance with internal rules and applicable regulations, (c) existing governance structure (Board of Directors, Management Committee, Monitoring Committees, etc.), (d) risk management, (e) business continuity, (f) conflict of interest management, and (g) alignment of interests and corporate social responsibility actions, among others.

In the portfolio management phase, the investment team ensures that good governance practices are maintained and that the necessary control measures are in place to address the identified sustainability risks, including the minimum social safeguards of the Taxonomy Regulation. The Fund, through the investment team, has have an active presence in the management bodies of the investee companies to ensure adequate monitoring and control of the implementation of good governance practices.

E. Proportion of investments

100% of the Fund's assets will be invested in sustainable investment, i.e., investments that contribute to achieving the objective of environmentally sustainable investment. Specifically, the Fund will contribute to the achievement of the objectives of "climate change mitigation" and "transition to a circular economy", in companies active in projects and entities that promote energy transition and the reduction of CO2 emissions (through energy efficiency, the promotion of renewable energy, or the energy rationalisation in transport and mobility), and circular economy projects (which may include the reuse or recycling of waste for the generation of other resources and energy, the promotion of the water cycle and the optimisation of its management). The achievement of these sustainable investment objectives in which the Fund invests will be measured through various sustainability and impact indicators, as detailed in section F. Monitoring of sustainable investment objective.

The Asset Allocation is set out below:



The Fund is a thematic product focused on investing in companies or projects that promote energy transition, the reduction of CO2 emissions and the transition to a circular economy, all of which are recognised as environmentally sustainable activities, in accordance with the Taxonomy Regulation, by contributing to the objectives of climate change mitigation and the transition to a circular economy. As of the date of publication of this document, the Fund had not completed the analysis of the alignment of sustainable investments in accordance with the Taxonomy Regulation, therefore its alignment percentage, as of this date, is zero. The percentage of sustainable investments aligned with the Taxonomy Regulation out of the Fund's total investments will vary as investments and divestments are undertaken, and in view of the Management Company's intention to gradually increase the percentage of its sustainable investments aligned with the Taxonomy Regulation over time, which will be reported to investors in the various periodic reports provided to them in accordance with applicable regulations.

The Fund will not make investments that qualify as non-sustainable, nor will it make sustainable investments whose primary objective is to contribute to social objectives.

F. Monitoring of sustainable investment objective

Description of how the sustainable investment objective and the sustainability indicators used to measure the attainment of the sustainable investment objective, are monitored throughout the lifecycle of the financial product, as well as the related internal or external monitoring mechanisms.

The Management Company, through its proprietary evaluation methodology, which includes the monitoring of indicators and metrics that measure the value and sustainable impact of the economic activities of the investments made by the Fund, periodically monitors the achievement of the Fund's sustainable investment objectives.

In the contracts signed between the Investee Companies and the Fund, the Investee Companies commit to report, on a regular basis, financial and non-financial indicators on the impact on environmental, social and governance criteria ("defined ESG Criteria") used to measure the contribution to the Fund's sustainable investment objectives. As an example, the impact indicators of the defined ESG Criteria include, among others, the following:

- the greenhouse gas (GHG) emissions.
- the total amount of energy consumed.
- the amount of energy consumed from renewable energy sources.
- the amount of renewable energy generated.

- the amount of water reused or recycled.
- the amount of waste recovered

In addition, social indicators are monitored to track negative impacts on social aspects, among others:

- the number of net new hires.
- the number of direct jobs created.
- the gender diversity on boards of directors.
- the number of work-related accidents.
- days lost due to work-related accidents or occupational diseases.

Additionally, to determine the investments are indeed in entities that contribute positively to the achievement of the SDGs, as described in section "C. Sustainable investment objective of the financial product", the Fund performs a series of analyses described in the following section "G. Methodologies".

G. Methodologies

Description of the methodologies used to measure the attainment of the sustainable investment objective and how the sustainability indicators to measure the attainment of that sustainable investment objective are used.

To ensure the Fund invests in Companies that contribute to the achievement of the sustainable investment objective through the defined ESG Criteria, a due diligence process is carried out by independent experts or in-house tools, which analyse that the Target Companies have a clear intention to promote the sustainable investment objectives defined by the Fund, to measure their performance and contribution on a regular basis, and that also have the capacity to adequately manage the ESG Criteria specific to their activity.

If the due diligence process concludes that the Target Company, in its contribution to the sustainable investment objective, generates negative impacts on other sustainable investment objectives, this does not imply the immediate exclusion of the investment opportunity, but it is an element to be considered for the allocation of assets that the Fund will have, given the intention of the Management Company to gradually increase, over time, the percentage of sustainable investments aligned with the Taxonomy Regulation. Once the investment has been materialized, the Fund establishes monitoring mechanisms on the investee's activity and performance, including compliance with the sustainable investment objective and the improvement of the aspects identified in the ESG due diligence process.

In addition, on an annual basis, the Fund carries out an assessment of the potential of alignment of portfolio investments with the economic activities included in the Taxonomy Regulation, through the review of the technical screening criteria, the no significant harm criteria and the minimum social safeguards, all of which are included in the Regulation and its delegated acts.

A roadmap containing action plans on the defined ESG Criteria is established for each investment. The content of the plans is based on the conclusions and recommendations of the various ESG analyses conducted, including the ESG due diligence, and the recommendations of the Investment Committee. The proposed roadmap ensures the alignment of the investee with the Fund's sustainable investment objective, and incorporates risk mitigation strategies, levers for value creation, as well as qualitative and quantitative objectives and targets to be achieved during the investment period. Each investee appoints an ESG Manager to coordinate the implementation of the action plans and to report progress,

as well as any deviations or non-compliance, to the Board of Directors of the Company, or to a specialized Committee.

The Management Company has its proprietary methodology for monitoring its investments, through an internal data management tool, which ensures that management indicators and metrics are collected in an appropriate and homogeneous manner. The metrics monitored are selected based on the ESG Criteria relevant to the investment activities, and are grouped into three categories: Environmental, Social and Governance. The monitored indicators include impact metrics on the contribution to the sustainable investment objective, indicators under the SFDR Regulation and principle adverse impacts (PAIs), as well as ESG and climate change performance metrics included in international frameworks, such as the TCFD. In addition, additional ESG indicators or metrics linked to the investee companies' business may be established, as well as possible improvements in the scope of the monitoring system for indicators and metrics.

The performance of investee companies and the Fund in relation to the sustainable investment objective is monitored quarterly and annually, together with financial results.

H. Data sources and processing

Description of the data sources used to achieve the sustainable investment objective of the financial product, the measures taken to ensure data quality, how the data are processed and the proportion of data that have been obtained by estimation.

The metrics and performance indicators are provided by the management teams of the investees, or by the technical partners responsible for their operation, and reviewed and consolidated by the Fund's investment teams. To ensure the quality, accuracy and comparability of the data provided, the investment team conducts various controls together with the investee companies, either with the management teams or the technical partners, such as follow-up meetings, resolution of doubts or requests for evidence on the evolution and performance of the defined ESG Criteria. The data provided by investees are derived from their information systems as well as from external service providers. The Fund does not obtain data from estimates.

I. Limitations to methodologies and data

Description of the limitations of the methodologies and data sources mentioned; and how these limitations do not affect the achievement of the sustainable investment objective.

The methodologies and data sources mentioned above are provided directly by the management teams of the investees, or by external service providers contracted by the investees, not by independent third parties. To prevent the resulting limitations from affecting compliance with the environmental and social characteristics, the investment team ensures that it complies with the processes detailed in the above sections, as well as implements any controls it deems necessary to ensure the quality, accuracy and comparability of the data provided.

J. Due diligence

Description of the due diligence measures taken in respect of the underlying assets of the financial product, including external and internal controls over such due diligence.

The due diligence measures adopted by the Fund, including the external and internal controls in place, are detailed in section "G. Methodologies".

K. Engagement policies

Description of the engagement policies applied where engagement is part of the sustainable investment objective, including management procedures applicable to sustainability-related litigation in investee companies.

In the event of an incident, complaint or sanction regarding environmental, social, labour, gender-based violence, exploitation and abuse, occupational health and safety, fatal accidents or retaliation, among others, with the potential to cause a severe or adverse impact on the investee, the investment team will be informed within 10 days of receipt of the communication to assess its potential impact and communicate it to the Fund's investors. If an investee of the Fund is or may be in breach of the Target ESG Criteria, the Investment Committee will meet to discuss the nature and extent of the breach(es), assess their impact on the business and achievement of the Fund's objectives, and take steps to ensure compliance.

L. Attainment of the sustainable investment objective

Description of whether a referenced benchmark has been designated to meet the sustainable investment objective, and how that reference benchmark is aligned with the sustainable investment objective of the financial product, including input data, methods used to select that data, rebalancing methods and how the reference benchmark is calculated.

The Fund has not designated a reference benchmark to meet its sustainable investment objective.